MINUTES OF THE
SENATE COMMITTEE ON REVENUE

Seventy-sixth Session
February 8, 2011

The Senate Committee on Revenue was called to order by Chair Sheila Leslie at 1:11 p.m. on Tuesday, February 8, 2011, in Room 2134 of the Legislative Building, Carson City, Nevada. Exhibit A is the Agenda. Exhibit B is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT:

Senator Sheila Leslie, Chair
Senator Steven A. Horsford, Vice Chair
Senator Michael A. Schneider
Senator Moises (Mo) Denis
Senator Mike McGinness
Senator Joseph (Joe) P. Hardy
Senator Elizabeth Halseth

STAFF MEMBERS PRESENT:

Russell Guindon, Principal Deputy Fiscal Analyst
Joe Reel, Deputy Fiscal Analyst
Mike Wiley, Committee Secretary

OTHERS PRESENT:

Jan Gilbert, Northern Nevada Coordinator, Progressive Leadership Alliance of Nevada
Geoff Lawrence, Fiscal Policy Analyst, Nevada Policy Research Institute

CHAIR LESLIE:
This Committee has undergone a name change from the Senate Committee on Taxation to the Senate Committee on Revenue.

I ask for a motion to adopt the Standing Rules (Exhibit C).

SENATOR McGINNESS MOVED TO ADOPT STANDING RULES OF THE SENATE REVENUE COMMITTEE.

SENATOR HORSFORD SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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JOE REEL (Deputy Fiscal Analyst):
I am going to show how the Committee Policy Brief (Exhibit D) can be used as a resource for this Legislative Session. Page 1b introduces the document and explains the information in Exhibit D. Page 2 highlights committee bills heard by this Committee last Session. Table 1 shows the measures referred to the Senate Committee on Taxation during the 2009 Legislative Session. It lists the measures reported out of Committee, reported to the Governor and filed with the Secretary of State.

Section II of the Policy Brief is part of the *Revenue Reference Manual* (Exhibit E, original is on file in the Research Library). Pages 2 and 3 detail background and context covering the economic and fiscal environment leading up to the Twenty fifth Special Session and the 2009 Legislative Session. Pages 2 through 15 cover any bills from the Seventy-fifth Session and the Twenty-fifth Special Session related to State revenues and taxes; technical and administrative changes; exemptions, abatements and postponements; and local government taxes and revenues. Pages 15 through 17 cover the Twenty-sixth Special Session. Page 4 covers state revenues and taxes. We will focus on bills in the context on how they relate to specific revenues. Pages 9 through 11 cover bills related to technical and administrative changes. I will address three of these bills.

Assembly Bill No. 193 of the 75th Session requires the Department of Taxation; Gaming Control Board; Department of Motor Vehicles; Department of Employment, Training and Rehabilitation; Department of Business and Industry; Office of the State Controller; and Office of the Secretary of State to report to the Interim Finance Committee within 60 days after the end of the preceding fiscal quarter certain financial information, including the taxes and fees that:

were legally due to be paid to that agency; the agency was able to collect; and the agency did not collect or was otherwise unable to collect, to the extent that such information is available.

The bill also requires the Commission on Economic Development to report to the Interim Finance Committee, on the same time schedule, regarding each tax or fee that the Commission abated, exempted or otherwise waived and the duration of the applicable abatement, exemption or waiver. Each agency must file a report to the Interim Finance Committee for each quarter beginning in the fourth quarter of fiscal year (FY) 2008-2009 until the third quarter of FY 2010 -2011.

Assembly Bill No. 205 of the 75th Session is the omnibus bill introduced on behalf of Nevada's county assessors that contains several amendments regarding the administration of property taxes. The bulleted comments on pages 9 and 10 reflect the type of measures the county assessors will bring forward this Session.

Assembly Bill No. 403 of the 75th Session makes technical changes to various provisions governing sales and use taxes to ensure continued compliance with the Streamlined Sales and Use Tax Agreement to which Nevada is member. The proposed changes reflect amendments made to the Streamlined Sales and Use Tax Agreement since the end of the Seventy-fourth Session. In addition to the technical adjustments, the bill led to Ballot Question No. 3 at the November 2, 2010, general election to allow the Legislature to change the voter-approved Sales and Use Tax Act of 1955 without voter approval only if necessary to resolve a conflict with any federal statute, regulation or interstate agreement for the administration, collection or enforcement of taxes. The Sales and Use Tax of 1955 governs the State's 2 percent sales tax. Ballot Question No. 3 failed to receive a majority of affirmative votes. It makes the State of Nevada in noncompliance with the Streamlined Sales and Use Tax Agreement, and membership in the agreement is important for Nevada.

I will highlight two bills regarding exemptions, abatements and postponements from pages 11 and 12. Assembly Bill No. 492 of the 75th Session places in statute the provisions of section 6 of Article 10 of the Nevada Constitution, as created by A.J.R. No. 16 of the Seventy-fourth Session, which requires the Legislature—before enacting any legislation authorizing an exemption or abatement of property taxes or sales and use taxes—to make certain findings with regard to the benefits associated with such an exemption or abatement. This bill establishes specific requirements for legislation enacted on or after July 1, 2009, that authorizes or increases tax abatements granted by the Commission on Economic Development. The bill requires that any legislation authorizing such abatements must expire after ten years and exclude the Local School Support Tax as specified in *Nevada Revised Statute* (NRS) 374.110 and 374.190 The bill also specifies that such abatements do not apply to entities that receive funding from a governmental entity, other than private activity bonds, or entities that receive real or personal property from a governmental entity at no cost or at a reduced cost.

Assembly Bill No. 522 of the 75th Session was impacted by the provisions of the previous bill. It creates new tax abatement incentives for eligible renewable energy projects and transfers the authority for granting and administering the renewable energy abatements from the Commission on Economic Development to the Office of Energy. The new tax abatement incentives are set to expire on June 30, 2049. The new tax abatements established by A.B. No. 522 of the 75th Session abate all local sales and use taxes over a three-year period from those above 0.6 percent to above 0.25 percent beginning July 1, 2011, and an abatement of 55 percent of the real and personal property taxes over a 20-year period. Eligible renewable energy projects are required to pay sales and use tax of 2.6 percent through June 30 and 2.25 percent effective July 1 based on the reduction in the Local School Support Tax, set to expire at the end of FY 2011. Eligible renewable energy projects must commit to operate in Nevada for at least ten years; they may not receive any state or local government funding for the facility and must meet additional criteria with regard to new construction jobs, the amount of capital investment and wages paid to workers.

I will now discuss two of the eight bills regarding local government taxes and revenue from pages 13 and 14. Assembly Bill No. 543 of the 75th Session changes the provisions for imposing the 1-cent supplemental Governmental Services Tax in Washoe County and expands the purposes for which the proceeds may be used in both Washoe and Clark Counties. The Governmental Services Tax is imposed for the registration of motor vehicles. This bill removes the requirement to receive voter approval before the board of county commissioners can impose the supplemental Government Services Tax of 1-cent on each $1 of valuation of the vehicle. Prior to the approval of A.B. 543 of the 75th Session, proceeds from the supplemental Governmental Services Tax could only be used for the construction and maintenance of transportation projects. This bill allows Clark and Washoe Counties to use the proceeds from this supplemental tax to pay the operating costs of the county and any other costs to carry out governmental functions of the county.

This bill requires Clark County to transfer the proceeds from various taxes and fees imposed for the construction and maintenance of transportation projects not needed for debt service on bonds to the County general fund to pay the operating costs of the County. These provisions are applicable to FY 2009-2010 and FY 2010-2011 only.

Senate Bill No. 201 of the 75th Session is the enabling legislation that carries out the provisions of Washoe County Ballot Question RTC #5 approved by the voters in the 2008 general election. The bill allows for an additional fuel tax to be imposed only in Washoe County to fund transportation projects located within Washoe County. The additional fuel tax is applicable to gasoline, special fuel (diesel), liquefied petroleum gas, compressed natural gas and water-phased hydrocarbon fuel. The amount of additional tax is initially determined by indexing the fuel taxes currently imposed on each type of fuel in order to establish a base amount of the tax for each fuel. The base amount may then be increased annually based on changes in the Producer Price Index for highway and street construction published by the U.S. Department of Labor but may not exceed 7.8 percent annually. The revenue from the additional fuel taxes are to be used to service bond financing for Washoe County transportation projects, which must be coordinated with Nevada Department of Transportation projects.

Bills from the Twenty-sixth Special Session will be covered when we review the revenue tables. Section III, table 2 on page 18 of Exhibit D covers the jurisdiction of the Committee, relating bills heard in Committee to the 28 chapters of Title 32 of *Nevada Revised Statutes*. Section IV covers key Committee deadlines for the Seventy-sixth Session of the Nevada Legislature. Section V, pages 19 through 25, lists the bill draft requests that could be brought to the Committee. The measures in green are assigned to the Assembly Committee on Taxation; measures in yellow are assigned to the Senate Committee on Revenue.

CHAIR LESLIE:
This will be a valuable resource. Now we will move on to the *Revenue Reference Manual*.

MR. REEL:
Page 3, section I of the *Revenue Reference Manual*, Exhibit E, lists General Fund appropriations approved by the Seventy-fifth Legislative Session. Based on these appropriations, $6,548,441,906 is approved for the 2009-2011 biennium. Page 4 shows the same chart with appropriations adjusted by the actions approved during the Twenty-sixth Special Session with revenues reduced to $6,212,029,547. The footnotes show charges do not reflect funds received from the American Recovery and Reinvestment Act of 2009 (ARRA) and reference documents produced by the Fiscal Analysis Division. On page 5 is the General Fund revenue forecast produced by the Economic Forum December 1, 2010. The table shows the total General Fund revenues available of $5,338,000,000 as approved by the Economic Forum.

Tables on pages 6 and 7 summarize the Economic Forum's forecast, and the following pages detail revenues in the General Fund. We will review these tables in more detail and cover the legislation from the Seventy-fifth Session as well as the special sessions that impacted the revenues.

Section II, starting on page 13, shows sales and use taxes. For every revenue source, we identify who administers the tax revenue, the revenue distribution and the history of the tax for the last couple of fiscal years. On page 14 is the Basic City-County Relief Tax (BCCRT); on subsequent pages are other taxes. Revenue sources listed give the information needed to understand the revenues and identify the local option taxes imposed in each county.

Beginning on page 37 are the tax revenue summaries on excise taxes, such as cigarettes, liquor and other tobacco. Pages 53 through 67 contain summaries on other taxes and fees administered by the Department of Taxation, such as insurance premium tax, Modified Business Tax, and the business license fee. Section III on pages 69 through 113 reviews tax legislation history covering 1979 through 2009 Legislative sessions. Section IV provides a glossary of terms related to taxation. Section V identifies tax exemptions and abatements; pages 143 through 154 cover property tax abatements and exemptions. Section VI pages 171 through 182 indentifies local government finance issues, such as limitations on property taxes, assessment standards and practices, and fee limitations. Section VII covers education funding information and the Nevada Plan. Section VIII covers fiscal notes information.

SENATOR HORSFORD:
On the General Fund appropriations approved for the biennium, you indicated ARRA funds were not included; what about any other non-General Fund sources used as part of the legislative appropriations? Is there a way to represent the total level of spending?

RUSSELL GUINDON (Principal Deputy Fiscal Analyst):
We will talk to Mark Krmpotic, Senate fiscal analyst, because some ARRA funds could be included. We will get the information to Senator Horsford and bring it back to the full Committee.

CHAIR LESLIE:
We move on to the forecast on General Fund Revenues for FY 2010-2011 and FY 2012-2013.

MR. REEL:
Starting with page 6 of the *Revenue Reference Manual*, mining net proceeds of minerals was impacted by S.B. No. 2 of the 25th Special Session. Prior to the passage of this bill, mining net proceeds of minerals tax was based on prior year calendar activity. It required an estimate from the following year to be paid in the current year. Two payments collected in FY 2009 were double the FY 2008 amount because S.B. No. 2 of the 25th Special Session required additional payment in FY 2009. Those provisions were in effect for FY 2009, FY 2010 and FY 2011, sunset pursuant to the provisions of this bill and then pick up again for FY 2013 payments. There are no forecasts for FY 2012. The Governor's recommendations would extend the sunset to provide revenue for FY 2012.

CHAIR LESLIE:
The public is concerned about the record high profits of mining companies? Why do the high profits not reflect in our revenue?

MR. GUINDON:
Profits may not be good because it is hard to compare what they report for federal income tax purposes against what is reported as net proceeds for the mines operating in Nevada. Some are multiple or international companies. What may be reported for federal income tax purposes is difficult to tie back to those actual mines and understand the net income concept for federal income tax versus the net proceeds concept under Nevada law. With the high price of gold,

mining companies can go after the gold they would not ordinarily mine if gold prices were lower because it is not financially feasible.

SENATOR HORSFORD:
Regarding the revenues on net proceeds of minerals, is S.B. No. 2 of the 25th Special Session due to sunset? Is the Executive Branch's proposal to lift the sunset by allowing additional revenue from mining to be paid in advance?

MR. GUINDON:
Prior to the law change in the Twenty-fifth Special Session, net proceeds taxes were based on actual mining activity for the preceding calendar year. The law was changed to require tax payment on their estimated calendar activity. Going forward for FY 2010 and FY 2011, mining companies pay the tax on the estimate and then true up throughout the fiscal year and at the end of the next fiscal year. The sunset in place during the Twenty-fifth Special Session ended up creating a hole for the net proceeds of mineral tax in FY 2012 with no tax paid. The Governor is proposing to extend the sunset from June 30, 2011, to June 30, 2013. It would allow the State to continue under statutory construct, based on estimated, which allows revenue collection for FY 2012 and FY 2013.

SENATOR HORSFORD:
During the Twenty-fifth Special Session I objected on the prepayment, taking future revenues to pay current bills. That policy, as adopted by the Twenty-fifth Special Session, was set to expire. By lifting the sunset, is the net effect of the Governor's FY 2013 recommendation an increase in taxes for mining?

MR. GUINDON:
When the sunset takes place, the law requires a mining entity to pay the tax in FY 2011 based on the actual calendar year activity. Because the law already requires mining to make an estimated payment for FY 2011, to make a payment based on that actual leaves us with no tax being collected in FY 2012. The sunset action put in place in the Twenty-fifth Special Session creates a complicated issue. By not extending the sunset forward, there will be no net proceeds of minerals tax in FY 2012; extending the sunset, allows revenue to be collected in FY 2012.

SENATOR HORSFORD:
I understand the rationale with the explanation given; however, the net effect of extending the sunset would allow for the estimated prepayment of taxes in FY 2012 and require the continued prepayment of estimated taxes into FY 2013. That is a tax increase.

CHAIR LESLIE:
We either change the law permanently to keep the taxes prepaid or have a hole at some point.

MR. REEL:
The mining claims fee revenue is part of A.B. No. 6 of the 26th Special Session. This new annual fee is based on a progressive graduated fee per mining claim and associated with the total number of mining claims held by an entity. The provision is due to sunset at the end of FY 2011. The General Fund Revenues in Exhibit E shows mining claims fee revenue of $17,150 in FY 2010 and $18.7 million in FY 2011.

Senate Bill No. 2 of the 25th Special Session reduced the collection allowance provided to a taxpayer for collecting and remitting the sales and use taxes from 0.5 percent to 0.25 percent effective January 1, 2009, until June 30, 2009. Effective July 1, 2009, A.B. No. 552 of the 75th Session permanently lowered the collection allowance and increased the General Fund commission—State share—retained by the Department of Taxation for collecting and distributing the sales and use taxes generated by the Basic City-County Relief Tax and the Supplemental City-County Relief Tax. These revenues are part of the General Fund; Exhibit E identifies the commission share kept by the State. It did not apply to the Local School Support Tax (LSST).

Not showing is the effect of S.B. No. 429 of the 75th Session which increased the LSST from 2.25 percent to 2.6 percent. These local revenues support education which is not part of the General Fund. The revenue generated by the Local School Support Tax is a direct offset to General Fund revenue. The provisions of S.B. No. 429 of the 75th Session reduce the LSST back to the 2.25 percent rate at the end of FY 2011.

SENATOR HORSFORD:
The question on the insurance premium tax, based on securitization of the insurance premium tax proposed by the Governor's Budget, concerns the

portion of the revenue dedicated for that proposal in the plan. As I understand the proposal, a portion in the insurance premium tax for future fiscal years and securitization means lost revenue in those years. Where is that reflected?

MR. REEL:
The revenue is not listed. There is no reduction in the revenue because under the Governor's recommendations, payments would not start until FY 2014.

SENATOR HORSFORD:
Do we know the estimated amount being projected to securitization with those funds per year?

MR. GUINDON:
We have not seen the details of that proposal. We are working with the Budget Division to get the details.

CHAIR LESLIE:
Do we have a general idea?

MR. GUINDON:
The newspapers indicated $50 million to $53 million. Proposals in the *Executive Budget* indicated securitizing the insurance premium tax in late FY 2012, which is where the $190 million shows up. There would be no payments on securitization in FY 2013; it would be paid off in four years beginning in FY 2014. For the 2013-1015 biennium, we would reduce that revenue by the amount of payment necessary to securitize the insurance.

SENATOR HORSFORD:
Based on the budget hearing, a $25 million interest payment would be required under the securitization. Would that be paid for in this biennium or in the next?

MR. GUINDON:
It is my understanding the $50 million to $53 million would be the principal and interest payments required for FY 2014 through FY 2017 to pay off the $190 million. It would be the reduction to the insurance premium tax as principal and insurance payments.

MR. REEL:
Senate Bill No. 429 of the 75th Session changed the structure of the Modified Business Tax as well as the rates on general business or nonfinancial institutions. It created a two-tiered tax rate as opposed to the 0.63 percent in effect prior to this bill and required a tax rate for the first $62,500 per quarter at 0.5 percent with all wages above $62,500 taxed at 1.17 percent. These provisions would expire at the end of FY 2011, reverting back to a 0.63 percent rate for all taxpayers. The Governor recommends maintaining the 0.5 percent tax rate for wages up to $62,500 per quarter and returning wages above $62,500 to the 0.63 percent rate.

SENATOR HORSFORD:
Based on the Twenty-sixth Special Session, the reduction of the first tier of the Modified Business Tax rate to 0.5 percent is on all payrolls regardless of size of the company or the amount of payroll tax based on the first $62,500. Every company, regardless of size and profitability, receives this reduced tax rate under the Governor's proposal.

MR. GUINDON:
That is correct. The tax does not differentiate between the size of the company or the number of employees. It is based on the aggregate wages paid by an employer to the employees for each quarter. Every business has to be in the first bracket up to $62,500 before they cross over into the higher bracket. That is the law with the two-tiered tax rate. It would be the same under the Governor's recommendation by leaving the 0.5 percent rate in place but having the higher rate at 0.63 percent.

SENATOR HORSFORD:
Every quarter, businesses submit their payroll taxes to the Department of Taxation. For the first $62,500, their tax rate would be 0.5 percent. This provision was to sunset, but the Governor decided to maintain the lower rate for all businesses. The balance of the policy provided in the temporary solution would not be addressed.

MR. GUINDON:
My understanding was the concern of a tax increase for small businesses.

SENATOR HORSFORD:
For big business, it would be a tax cut.

MR. GUINDON:
Yes. Lowering the first tier rate to 0.5 percent would benefit every business.

MR. REEL:
Senate Bill No. 2 of the 25th Special Session reduced the taxpayer collection allowance from 0.5 percent to 0.25 percent effective January 1, 2009, and established a June 30, 2009 expiration. Assembly Bill No. 552 of the 75th Session permanently lowered the taxpayer allowance for cigarettes, liquor and other tobacco. Initiative Petition 1 (IP1), of the 25th Session imposed up to an additional 3 percent of room tax in Clark and Washoe Counties, such that the rate could not exceed 13 percent. Under the provision of IP1, revenue must be deposited in the General Fund for FY 2010 and FY 2011. Starting in FY 2012, proceeds must be deposited to the State Supplemental School Support Fund. The Governor recommends keeping that revenue in the General Fund for FY 2012 and FY 2013 but redirecting proceeds to K-12 education beginning in FY 2014.

SENATOR HORSFORD:
Do we know the breakout of how much room tax is collected by county?

MR. GUINDON:
Mr. Reel and I will put together a table showing the breakout. The way IP1 was restructured, since Reno and Sparks were at the 13 percent rate, no additional tax could be assessed. The majority of the additional tax will come from Clark County and the Las Vegas Strip.

SENATOR HALSETH:
Does the Modified Business Tax apply to public employers or only private employers? Is there a Fourteenth Amendment issue?

MR. GUINDON:
The Modified Business Tax (MBT) as structured is tied to the unemployment section of the law. Any employer paying tax under the unemployment insurance section of the law is required to pay the Modified Business Tax. The MBT only applies to private employers. Independent contactors, not covered under the unemployment insurance law, do not pay the Modified Business Tax.

MR. REEL:
The Governmental Services Tax was impacted by S.B. No. 429 of the 75th Session, increasing the depreciation rate for all but new automobiles and trucks by 10 percent. It determines the calculation of the Governmental Services Tax effective September 1, 2009. The portion of the Governmental Services Tax generated by the change in the depreciation schedule provisions is deposited in the General Fund for FY 2013 and scheduled to go to the State Highway Fund in FY 2014.

SENATOR HARDY:
On the Governmental Services Tax, I have constituents asking about doubling the cost of registering their car. Have we doubled the tax?

MR. REEL:
By changing the depreciation schedule to increase vehicle value by 10 percent, the fee doubled for the lowest tier.

MR. GUINDON:
That is correct. The change approved in S.B. No. 429 of the 75th Session was for a particular value of a car, setting the 10 percent amount for everybody regardless of the vehicle age. It does impact older cars on a percentage basis more significantly.

MR. REEL:
Under S.B. No. 429 of the 75th Session, the business license fee increased from $100 to $200 effective July 1, 2009. The provision sunsets on June 30, 2011. Additionally, A.B. No. 146 of the 75th Session transferred administration of the fee from the Department of Taxation to the Secretary of State as part of the business portal program, requiring entities filing with the Secretary of State, under Title 7 of NRS, to pay the $200 business license fee. Under the Secretary of State's Office, A.B. No. 6 of the 26th Special Session increased various fees imposed in statute relating to securities, commercial recordings and Uniform Commercial Code filing requirements.

The Nevada Athletic Commission was impacted by A.B. No. 6 of the 26th Special Session which increased the license fee from 4 percent to 6 percent on receipts from admissions to unarmed combat, effective July 1, 2010. This bill also requires the State Registrar to collect vital statistics fees associated with birth and death certificates specified in Nevada Revised Statute 440.700 until the new fees could be established effective July 1, 2010, to produce revenue in FY 2011.

Under S.B. No. 2 of the 25th Special Session, 1 percent of a 4 percent recovery surcharge retained by car rental agencies was directed to the State General Fund from January 1, 2009, through June 30, 2009. Changes from S.B. No. 234 of the 75th Session eliminated the 4 percent recovery surcharge and increased the short-term car rental fees from 6 percent to 10 percent with 9 percent deposited in the General Fund and 1 percent deposited in the Highway Fund. The Governor recommends redirecting the 1 percent portion from the Highway Fund into the General Fund.

Assembly Bill No. 480 of the 75th Session increased fees collected by the State Engineer for examining and filing applications issued in recording permits effective July 1, 2009. A new fee of $150 per notice of default and election to sell real property took effect April 1, 2010, under A.B. No. 6 of the 26th Special Session.

Assembly Bill No. 543 of the 75th Session required Clark and Washoe Counties to allocate 4 cents of the property tax generated from the operating rate to the State General Fund in FY 2010 and FY 2011. Washoe and Clark Counties also had to allocate 3.8 cents in FY 2010 and 3.2 cents of the 5-cent capital rate in FY 2011 worth of those property taxes imposed pursuant to NRS 354.59815 to the State General Fund in FY 2010 and FY 2011. These provisions expire at the end of FY 2011.

Senate Bill No. 431 of the 75th Session requires a portion of the revenue generated from the State's 0.375 percent room tax provided to the Commission on Tourism be allocated to the State General Fund for FY 2010 and FY 2011. This bill also requires the transfer of $25,199,365 in FY 2010 and $22,970,977 in FY 2011 from the Supplemental Account for Medical Assistance to Indigent Persons created in the Fund for Hospital Care to Indigent Persons to the State General Fund. Under the Governor's recommendation, those transfers would continue in FY 2012 and FY 2013. Assembly Bill No. 6 of the 26th Special Session requires the Clean Water Coalition in Clark County to transfer securities and cash in the amount of $62 million to the General Fund in FY 2011.

CHAIR LESLIE:
Did the money get transferred?

MR. GUINDON:
We need a ruling from Legislative Counsel Brenda Erdoes, but the transfer is still pending and may end up with the Nevada Supreme Court.

MR. REEL:
Assembly Bill No. 6 in the 26th Special Session required the Legislative Commission to transfer the first $100,000 in revenue collected from lobbyist registration fees to the General Fund. Assembly Bill No. 531 of the 75th Session required a portion of revenue from the court administrative assessment fees to be deposited in the State General Fund, effective July 1, 2009. The Governor recommends continuing deposits in FY 2012 and FY 2013.

Assembly Bill No. 549 of the 75th Session redirected $7.6 million to the General Fund of unclaimed property proceeds from the State Treasurer's Office, effective for only FY 2009. Assembly Bill No. 562 of the 75th Session redirected $3.8 million of the unclaimed property revenues designated for the Millennium Scholarship Trust Fund to the General Fund for FY 2011 and FY 2012. Assembly Bill No. 3 in the 26th Special Session, which sunsets at the end of FY 2011, redirected the full $7.6 million into the General Fund.

CHAIR LESLIE:
Do we have any public comment?

JAN GILBERT (Northern Nevada Coordinator, Progressive Leadership Alliance of Nevada):
Will you consider the regressivity of putting additional taxes on those at the lower income levels? Many people felt the impact of S.B. No. 429 of the 75th Session because of the age of their cars. No one noticed the decrease in the Modified Business Tax. I hope you will consider tax increases because I am worried about cuts to education, human services and public safety. Please look at the mining tax because at the Economic Forum’s last meeting, not one word was mentioned on the net proceeds of minerals. The large amount of monies leaving our State and going to foreign-owned mining companies is unacceptable.

GEOFF LAWRENCE (Fiscal Policy Analyst, Nevada Policy Research Institute):
The impact of the Modified Business Tax tends to work its way down toward workers in those industries and take the form of lower wages. Last year, the Nevada Policy Research Institute published an analysis of the tax structure in Nevada that made specific recommendations to address volatility issues as well as regressivity and economic efficiency issues.

MR. REEL:
We have supplied two additional resources, *Nevada Tax Facts* (Exhibit F, original is on file in the Research Library) and *Understanding Nevada's Property Tax System* (Exhibit G); both publications are provided by the Nevada Taxpayers Association.

CHAIR LESLIE:
I adjourn the Senate Committee on Revenue at 2:40 p.m.

RESPECTFULLY SUBMITTED:

Mike Wiley,
Committee Secretary

APPROVED BY:

Senator Sheila Leslie, Chair

DATE:

EXHIBITS

Committee Name: Committee on Revenue

Date: February 8, 2011 Time of Meeting: 1:00 p.m.

Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster
	C	Revenue Committee	Standing Rules
	D	Joe Reel	Committee Policy Brief
	E	Joe Reel	Revenue Reference Manual
	F	Nevada Taxpayers Association	Nevada *Tax*Facts
	G	Nevada Taxpayers Association	Understanding Nevada's Property Tax System